

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CLASSIC CONSTRUCTION,)	
INC. FOR APPROVAL OF TRANSFER OF)	
OWNERSHIP OF COOLBROOK SEWAGE)	CASE NO.
TREATMENT PLANT IN FRANKLIN COUNTY,)	2003-00495
KENTUCKY FROM AQUA AMERICA)	
KENTUCKY, INC.)	

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO JOINT APPLICANTS

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Classic Construction, Inc. ("Classic Construction"), Aqua America Kentucky, Inc. ("Aqua"), AquaSource Utility, Inc. ("AquaSource Utility"), and Coolbrook Sanitation Division ("Coolbrook") (collectively "Joint Applicants") file with the Commission the original and 8 copies of the following information, with a copy to all parties of record. The information requested herein is due within 14 days from the date of this request. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable,

the information requested herein should be provided for total company operations and jurisdictional operations, separately.

1. Classic Construction shall provide a discussion of the immediate and future impact that the proposed transaction will have on the rates of Coolbrook.

2. a. On page 1 of the application, Classic Construction states that it has approached two companies regarding the billing and collection services for the Coolbrook treatment facilities. Classic Construction shall identify the companies that it has approached and their proposed fees for providing the customer billing and collection services.

b. Joint Applicants shall provide a comparison of the customer billing and collection fees provided in 2(a) to the costs incurred by AquaSource Utility in the calendar year 2003 for its customer billing and collection.

3. On page 1 of the application, Classic Construction refers to financial budgets that have been prepared by Samuel Bryant, Certified Public Accountant. Classic Construction shall provide copies of any budgets that were prepared by Mr. Bryant showing its projected costs for operating the Coolbrook treatment facilities.

4. On page 2 of the application, Classic Construction states that, "Examination of the financial records of Coolbrook by myself, my certified public accountant and Vice-president of Farmers Bank, Greg Burton, have lead all of us to the conclusion that the Coolbrook Plant can be self supporting and allow for repairs when needed." Classic Construction shall provides copies of any studies or analysis that were performed showing that the Coolbrook treatment facilities can be self-supporting and can fund needed repairs at its current tariffed rate.

5. Classic Construction shall provide the journal entries it will record to reflect the purchase of the assets of the Coolbrook facilities.

6. AquaSource Utility shall provide the journal entries it will record to reflect the sale of the assets of the Coolbrook facilities.

7. Joint Applicants shall provide in comparative form Coolbrook's balance sheet before and after the sale of its assets to Classic Construction.

8. Refer to Section 8 of the November 26, 2003 Agreement Between AquaSource Utility and Classic Construction for the Sale of a Wastewater Utility System, Notice of Violation. AquaSource Utility states that it has received a Notice of Violation ("NOV") from the Kentucky Division of Water ("DOW"). To resolve its NOV, AquaSource Utility is replacing the influent lift station and is removing a portion of, or all of, the lagoon and fences.

a. In Case No. 2003-00175,¹ the Commission found that a Certificate of Public Convenience and Necessity ("Certificate") was not required for the proposed chlorination system revisions and the installation of a customer lift station. AquaSource Utility shall explain if the customer lift station and the influent lift station refer to the same project.

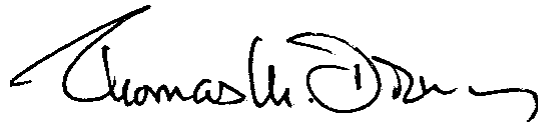
b. Joint Applicants shall provide the current status of the projects identified in 8(a). The status report for each project should include: the date construction began; the date construction was completed; the estimated project cost; the actual project cost; and a description of how the project was funded.

¹ See Case No. 2003-00175, Application for a Certificate of Public Convenience and Necessity for Improvements at the Coolbrook Wastewater Facility of AquaSource Utility, Inc. (November 3, 2003).

c. If any of the projects identified in 8(a) have not been constructed, Classic Construction shall provide a detailed explanation of its plans and identify the how the project will be funded.

d. In Case No. 2003-00175, AquaSource Utility's application for a Certificate to improve the capacity of its wet pump and to close the tertiary treatment lagoon was dismissed due to AquaSource Utility's inability to provide DOW approval. Joint Applicants shall provide the current status of these projects. If the projects are to be constructed, provide a projected time frame for completing the projects and explain how each project will be funded. Also, explain why a Certificate is not required to construct either project.

e. Joint Applicants shall provide copies of the NOVs that Coolbrook has received from the DOW during the calendar years 2001 through 2004. Also, include the steps AquaSource Utility has taken to resolve the NOVs.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

Dated: February 11, 2004

cc: Parties of Record